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Uncertain Climate Spurs Outlets

(Continued from page 19)
deep discount drug chain or a T.J. Maxx unit, have shown the most dramatic growth. The total grew to 738 such malls in 1989 from 115 in 1981, Dunham said, including at least 83 that opened last year.

Expect to see "a lot of growth" in factory outlets in the '90s, said Carl Steidtmann, chief economist for Management Horizons, a Price Waterhouse retail consulting division. One factor driving the growth is manufacturer dissatisfaction with retailers that divert goods to off-price chains, Steidtmann said.

"By dealing directly with the public, they cut out diverters," the economist said.

On the demand side, consumers have become accustomed to the continuous sales of the 1980s, so the bargain prices of factory outlets appeal strongly to shoppers, he said.

As more and more manufacturers get into retailing, the potential grows for conflict with their wholesale customers, Steidtmann said. That may lead to retailer demands for regulation of outlet stores, since the "proliferation of outlets is against their self interest."

With the rate of outlet mall growth running 5 percent to 10 percent above last year's rate, a number of larger, well-funded developers have entered the field, said William Haueisen, president of Sterling Research Group, St. Petersburg, Fla.

Sterling serves as consultants to the outlet mall industry and publishes *National Mall Monitor*, a newsletter that tracks outlet malls.

A prime example is Trammell Crow, which is converting an old B.F. Goodrich factory in Los Angeles into a factory outlet mall, Haueisen said.

With the department store industry in disarray, organized resistance to factory stores is declining, the consultant said. Bankruptcy silenced the Campeau-Federated Group, once one of the most vocal opponents of factory stores, Haueisen said.

Factory stores account for 3 percent to 4 percent of retail apparel sales, Haueisen estimated, although the share in some categories jumps to 7 percent to 8 percent.

With many new malls fighting for their tenancies, manufacturers can pick and choose the strongest store locations where they can best support them with home office supervision and distribution, Haueisen said.

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Fred Meyer Invades California's Heartland

(Continued from page 3)
profits and losses, Boley said.

The reorganization also established four merchandising divisions: food, including H&BA, candy and pharmacy; photo electronics and jewelry; general merchandise; and specialty, including restaurant, nutrition and other specialties as they evolve. Store operations represents a fifth division established by the reorganization.

In the process, Fred Meyer also increased its departmental categories to 12 from 11: food; prescription drugs, health and beauty aids, candy and tobacco; home fashion and sporting goods; apparel and leisure; shoes and active apparel; home improvement and automotive; garden, holiday, floral and gifts; photo, electronics and music; jewelry; and nutrition.

Fred Meyer previously established a toehold in the California market by opening a fine jewelry specialty store in the Chico Mall.

Fred Meyer breaks up the immense expanse of its store by providing three entrances: a main entrance next to apparel, and two side entrances to food and home improvement.

It also avoids an endless line of checkouts by establishing small checkout sections of five registers at the apparel and home improvement entrances and scattering 12 other registers in various departments such as jewelry, home electronics, sporting goods, deli and shoes. The main checkout section located in front of food and general merchandise consists of 20 checkouts.

In terms of product offerings, Fred Meyer appears the equal of a K mart or Wal-Mart hypermarket—and more.

The more consists of fine jewelry and home improvement, such as lumber and bath and kitchen cabinets.

With some justification, Fred Meyer likes to refer to itself as a "unique retail concept," as opposed to a discounter.

In apparel merchandise offerings and fixturing, Fred Meyer resembles a department store, carrying such brands as Ocean Pacific, Nike, Bugle Boy, Jordache and Guess. It operates under a promotional pricing policy, with weekly circulars, Boley said. Promotions include automatic price reduction.

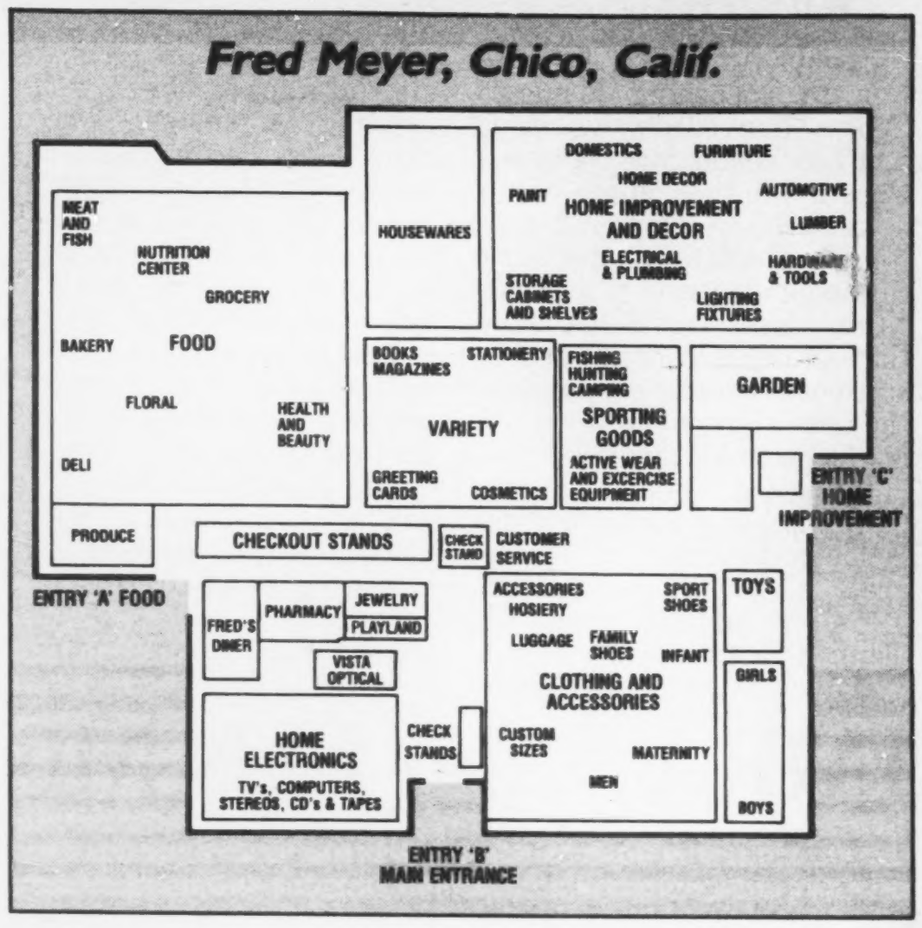
The fine jewelry department, situated in a separate shop with its own registers and entrance, resembles a Main Street jewelry emporium.

As another upscale touch, a complete floral department can handle weddings, with delivery service. The Fred Meyer bakery can bake the wedding cake, while the wine section can provide the champagne.

In food, Fred Meyer operates under an everyday low price policy, offering warehouse prices for dry groceries, Boley said.

In general merchandise, Fred Meyer resembles traditional discounters, while home improvement carries overtones of a home center.

A selection of 35 sku's of hammers, ranging from $3.99 to $29.99, illustrates Fred Meyer's philosophy of offering a wide selection of merchandise. "You'll find it at Freddy's," is its promotional tag line.



Ames' CEO Wields Ax

(Continued from page 3)
American Corp., and before that was an audit partner at the accounting firm Deloitte Haskins & Sells.

In other developments, Ames has sent telegrams to suppliers reporting that the company now has more than adequate funds to pay for new shipments of merchandise. "We're trying to do everything we can in a very difficult situation," an Ames spokesman said. Several vendors had reported that Ames financial representatives refused to take their calls shortly before the April filing for Chapter 11.

Ames was recently permitted $250 million in interim financing by a bankruptcy judge to resume the flow of merchandise into the chain's stores. However, the company has already lost much of the prime spring selling season.

The letter sent to clients said, in part, that the $250 million debtor in possession funding along with $185 million in cash on hand "gives us plenty of money to operate our business. We have the cash to pay you for new shipments of merchandise, and can pay your invoices fully and promptly."

The letter also names vendors that have agreed to resume shipments, including Mattel, Samsung, Polaroid, Lee, Bibb, and Pilgrim.

"This is a time to look ahead," the letter continued. "The Ames name may have been tarnished in the vendor community [but] we have taken steps to change that. Ames buyers are reviewing all lines with an eye toward serving our customers better than ever in the future. But, we need partners to do this."

The letter was cosigned by Stephen Pistner and president/chief operating officer George Granoff.

If vendors have been impatient, terminated employees have been more so. Approximately 20 employees of a Cleona, Pa., Zayre store closed earlier this year picketed a nearby Ames store demanding severance and vacation due them. Carrying signs saying "We Don't Want a Raincheck, We Want a Paycheck," the pickets, led by former store manager Judy Troutman, want some $40,000 in pay due them which has been held up by the Chapter 11 filing.

Parent Puts Child World on Block

(Continued from page 3)
1988. Income in the quarter fell 13.2 percent to $20.2 million. Comparable store sales during the final quarter of 1989 dipped 4.0 percent.

According to Tracy Burmeister, treasurer of Child World and an officer with CNC Holdings, Cleveland, CNC has no specific timetable set for the disposition of Child World. He declined to provide specific reasons for trying to sell the toy chain and would not comment on interested buyers.

In the meantime, Child World will continue operating with its existing management team, Burmeister said.

The three agents retained by CNC Holdings are currently revewing alternatives for Child World, said Burmeister. The next step will be to issue a confidential offering memorandum indicating potential interest in the troubled toy chain, he said. CNC Holdings holds 82 percent of Child World stock.

Child World is the second-largest toy retailer in the United States behind Toys "R" Us. However, the chain is a distant second.

Compared with Child World's earnings decline, Toys "R" Us posted a healthy earnings gain. TRU's earnings rose 19.7 percent to $321 million on sales of $4.78 billion last year, also a gain of 19.7 percent.

According to retail analysts who follow the toy industry, Child World is suffering from a lack of consistency in a number of areas including technology. But the critical reason for the chain's problems, said Jack Siebald, vice president of Salomon Brothers, is that Child World "has not been executing according to a central mission."

TRU's mission, said Siebald is straightforward: to deliver the broadest range of toys to the public at the lowest possible price. Siebald said Child World's attention has not been concentrated on that alone.

Siebald said he recently concluded a market share study of the top three toy retailers and found that TRU had a 19.8 percent market share on toys, up from 5.9 percent in 1980.

Child World holds 4.3 percent of all U.S. toy sales, up from 2.8 percent in 1984. However, market share growth has been flat since 1987. At that time, Child World's market share for toys was 4.2 percent, said Siebald.

Despite its troubles, Child World is trying to move forward.

Last Christmas, it opened a new prototype in Framingham, Mass., and announced plans to remodel at least nine more stores this year based on this new prototype plus approximately four others based on the chain's smaller, 20,000-square-foot version, said Burmeister.

In addition to the remodeling plans, Child World plans to open about 10 new stores this year; install scanning in all stores; test shelf-pricing; and expand juvenile apparel among many other changes, including improved marketing and merchandising programs.

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Vol. 29, No. 11 June 4, 1990

Zarkin Takes Over Helm at BJ's

(Continued from page 3)
which were spun off and bought by Ames—the warehouse division, BJ's and HomeClub, which became Waban, and the apparel division, T.J. Maxx, Hit or Miss and Chadwick's of Boston, which became TJX Cos.

Halpin, 39, was president of BJ's from February 1989 until early May. He joined BJ's in December 1987 as vp and gmm. John F. Levy, another longtime Zayre exec, remains Waban's president and coo.

BJ's Wholesale Club, which operates 23 clubs in the eastern United States, is the fifth-largest warehouse club chain in the nation. HomeClub is a home improvement warehouse club with 10 units Western states.

Waban's first quarter sales rose 19 percent to $546 million for the period ended April 28. HomeClub's sales rose 22 percent to $308 million, while BJ's rose 15 percent to $238 million.

Net income for the first quarter declined to $1.4 million, from $6.5 million in the year-ago period. HomeClub's operating income fell to $6.9 million from $11 million a year ago. BJ's reported an operating loss of $2.2 million compared to an operating income of $1.8 million a year ago.

Levy said that the loss at BJ's reflected lower gross margins. "BJ's lower margins were caused primarily by two factors, the absence of surcharge income which was formerly paid by non-fee paying members and larger than anticipated markdowns on seasonal merchandise, particularly apparel," said Levy. "The loss of surcharge income will continue to affect the second and third quarters. However, the fourth quarter should benefit from the annual renewal of a large portion of our membership base."

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Industry Sales Top $151B in '89

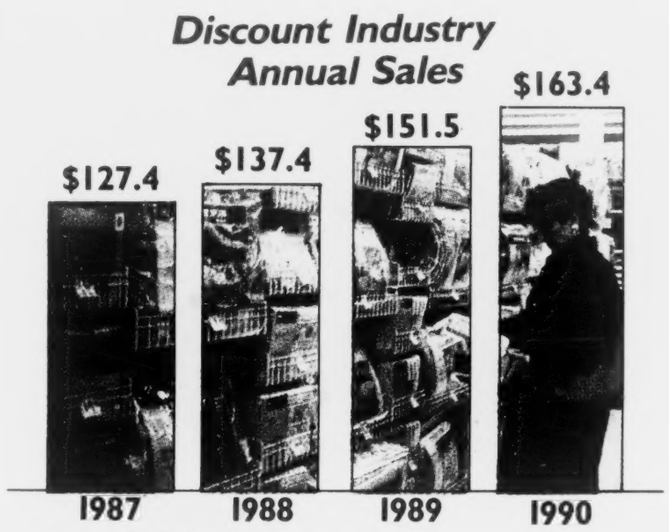
Discount Chains Expected to Exceed $163B in '90 Sales

Nationwide DSN Report

Discount industry sales crashed through the $150 billion barrier last year, climbing 10.3 percent over 1988's sales of $137.4 billion. Based on company's stated expansion plans for this year, and economists predictions, *DSN* projects that 1990 discount industry sales will grow 7.9 percent to $163.4 billion.

Industry sales hit $151.5 billion in 1989, more than $3 billion more than the $148.1 billion projection *DSN* made last year. That includes volume reported by discount department stores, hypermarkets, dollar discount chains, closeouters, catalog showrooms, warehouse clubs, off-price apparel chains and specialty "category killer" retailers in toys, sporting goods, office supplies, consumer electronics and the auto aftermarket.

The fastest growing segments were warehouse clubs, up 25.2 percent to $17.4 billion; full-line discounters, up 10.2 percent to $92.2 billion; and, specialty discounters, up 5.9 percent to $23.4 billion.



Source: DSN *research*

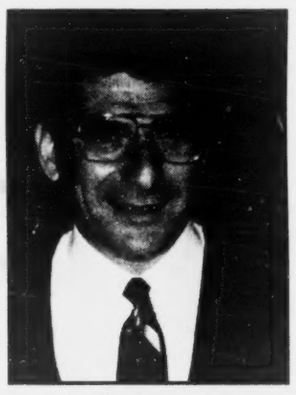
Sales volume at the discount industry's 150 largest chains increased 13.9 percent to $146 billion in 1989.

The industry's top 10 chains in 1989 sales were:

1. K mart, up 5.5 percent to $24.21 billion;
2. Wal-Mart, up 24.7 percent to $20.97 billion;
3. Target, up 18.8 percent to $7.52 billion;
4. Montgomery Ward, up 3.4 percent to $5 billion;
5. Ames, up 48.3 percent to $4.99 billion;
6. Price Club, up 20.9 percent to $4.9 billion;
7. Sam's, up 26.4 percent to $4.84 billion;
8. Toys "R" Us, up 18.3 percent to $4.31 billion;
9. Service Merchandise, up 7 percent to $3.31 billion;
10. Costco, up 48 percent to $2.94 billion.

See *DSN's* Annual Industry Report, page 45.

Lazarus Quits Jamesway After 22-Year Stint


Arlie Lazurus

SECAUCUS, N.J. — Arlie Lazarus, president and chief operating officer of Jamesway Corp., is leaving the firm effective Aug. 3. Lazarus had been with Jamesway for 22 years, and has served as president for the last 12 years.

Jamesway reported that Herbert Fisher, chairman and ceo, will temporarily assume Lazarus' positions until a permanent replacement can be found. Fisher reported the firm would look outside the company for a candidate.

A statement released by the company said Lazarus was leaving to pursue other interests. Lazarus said he "had many ideas," but would not elaborate on any specific plans.

According to Fisher, plans for new store openings and the introduction of "My House," the chain's new home furnishings venture, would continue on schedule and would

(Continued on page 108)

New Hybrid Market Slated

Huge Baltimore Store Eschews Hypermarket Name

By Arthur Markowitz

GLEN BURNIE, Md. — A new American retailing venture—which traces its roots back to a major French hypermarket operator—plans to launch a 330,000-square-foot store here that it describes as a "hybrid-market."

Didler Leconte, president and chief executive officer of New Eldis Corp., denied that the Leedmark store set to open in this Baltimore suburb next spring would be a hypermarket.

While calling Leedmark a one-stop shopping concept, he declined to delineate how it differs from a hypermarket. "Leedmark [will let consumers] shop in ways they've never been able to before. For now, we'd rather not discuss too many details of this new store concept," he said.

Trade observers speculated that New Eldis doesn't want to use 'hypermarket' to describe Leedmark because that European retailing format hasn't been very successful in the United States. Three French retailers—one in a joint venture with an American merchant—operate six hypermarkets in the United States and the bottom line success of the three Biggs, two Auchans and one Carrefour is questionable.

(Continued on page 108)

May to Raise Seed Money To Hasten Sale of Venture

By Richard C. Halverson

ST. LOUIS — To ease the birth of Venture as an independent chain, its parent plans to administer a dose of dollars.

May Department Store Co. now intends to sell a 14 percent stake in Venture in an initial public offering designed to raise at least $37 million, possibly by the end of July.

In an initial public offering filed June 15, May said that "later this year" it will spin off the rest of Venture to May stockholders pending the payment by Venture of $305 million back to the parent.

That money represents May's retained earnings in Venture and the price of its independence.

The IPO is the third step May has taken to draw its cash out of Venture to invest either in more profitable department store operations or a stock buyback.

In June 1989, May put Venture on the auction block, along with Caldor. When it was unable to find a buyer at an acceptable price, May announced it would spin off all of Venture to its stockholders—provided Venture borrowed the money to pay for its freedom.

That spin-off was supposed

(Continued on page 106)

A New Hills in Store for Future

Scarecrows, cap racks, rounders and waterfalls are among new apparel fixtures being tested at Hills stores in Lima, Ohio. The fixtures allow for cross-merchandising and have boosted sales 10 percent to 15 percent. A dramatic departure from the Canton, Mass.-based discounter's basic pipe rack apparel display, these changes will be incorporated in new 103,000-square-foot stores next year. (DSN photo)

MARKETWATCH

Bush Replaces Dentz As Ames' Exec VP

ROCKY HILL, Conn. — Ames has named Jack Bush executive vp of stores. He replaces Jeffrey Dentz who will step down from that post in September. Bush, formerly president of Rose's Stores, Henderson, N.C., was one of several top executives who left the Southeast regional chain earlier this year. He joins former Marshalls president Gerald Kanter, ex-Bradlees chief George Granoff and new cfo Peter Thorner on Ames' ceo Stephen Pistner's turnaround team.

Hills Promotes Five to Key Posts

CANTON, Mass. — Hills recently announced promotions of five executives. They are: John C. Brouillard, to executive vp, cfo from senior vp finance and administration; Eugene O'Donnell, executive vp, gmm from senior vp, gmm; Andrew Samuto, to executive vp, real estate development and support services, from senior vp, real estate development and human resources; Millard Barron, senior vp, store operations from vp, store operations; and R. Wesley McDonough, senior vp, marketing and advertising from vp, advertising.

Bradlees Drops Check Recording Policies

DORCHESTER, Mass. — Two Bradlees stores here dropped check recording policies which labeled customers paying with a check by sex and race. The 129-store Bradlees claimed the policy was initiated to help authorities identify bad check writers. After the story appeared in a local paper earlier this month, and public pressure mounted, the policy was promptly dropped.

Ward Inks Another Celeb Endorsement

CHICAGO — Montgomery Ward has added TV personality Connie Selleca to its list of celebrity-inspired clothing lines. Earlier this year, Ward signed deals with model Elle MacPherson and tennis star Chris Evert to produce exclusive apparel lines. The Connie Selleca career apparel line will include unconstructed related separates as well as slacks, blouses, sweaters and jackets. The line will eventually include fine jewelry and intimate apparel.

Szydlik Off Trak; Joins Northern Auto

PHOENIX, Ariz. — Northern Automotive, the nation's third-largest aftermarket group, has hired Edward E. Szydlik away from Trak Auto to become its new president and coo. Formerly president of Trak, Szydlik replaces John Lacey, who left suddenly this spring "to pursue other interests."

Brown Joins Nationwise As President

COLUMBUS, Ohio — Nationwise Auto promoted Kenton S. Brown to president and coo. Brown joined Nationwise in 1980 as director of distribution. Since 1984, he has served as executive vp and coo, said Saul Levy, chairman and ceo. Including its 1988 acquisition of the 70-store Guarantee Auto chain based in Indianapolis, Nationwise operates 280 stores in 33 Midwestern and Southeastern states. Sales last year totaled an estimated $270 million.

The Good Guys Open 23rd in Fresno

SAN FRANCISCO — The Good Guys opened its 23rd store, in Fresno, Calif., on June 1. The 15,000-square-foot location features The Good Guys' upscale consumer electronics selection. The Good Guys will open its first stores in Los Angeles later this summer.

Yellow Front to Sell 30 Store Leases

NEW YORK — Yellow Front Stores, now in liquidation, got bankruptcy court approval to sell leases on 30 of its remaining 44 stores for $6.3 million. Family Bargain Centers, Chula Vista, Calif., is acquiring 16 units for $3.3 million, while National Automotive, Phoenix, Ariz., will buy the remaining 14 stores for $3 million. The Phoenix-based chain, which once counted 234 stores, all in the West, is holding inventory liquidation sales in some units.

Action Auto Files Chapter 11

FLINT, Mich. — Action Auto has filed Chapter 11 bankruptcy and hired PaineWebber to find a buyer for the troubled chain. Action, which operates solely in Michigan, has closed 12 of 68 stores and plans to close six more.

TJX Goes With a Winner

Canadian Off-Pricer to Boost Family Apparel Concept

FRAMINGHAM, Mass. — TJX Cos. has acquired Winners Apparel Ltd., a five-store off-price family apparel retailer, based in Toronto, Canada. This is the firm's first venture into that country.

Bernard Cammarata, president and ceo of TJX, said the apparel retailer would keep the Winners name for the newly acquired stores. Also, David Margolis, president and general manager of Winners, will remain in his post.

With the exception of jewelry, shoes and domestics, the apparel mix at the Canadian stores is similar to that of T.J. Maxx, TJX Cos.' off-price family apparel chain. Minor changes in signage and graphics are planned at Winners, but "no major capital remodeling" is in the works.

The company did not disclose the cost of the acquisition, but a spokesman reported it was "all for cash."

"While Winners today is a relatively small company, it provides us with a unique opportunity to develop the off-price family apparel concept in Canada," Cammarata said. "The Canadian consumer is familiar with, and receptive to, off-price retailing, but to date the potential of offering brand name merchandise for the entire family at substantial savings has not been capitalized upon. We believe that this untapped market should contribute to the success of our company over the long-term."

Cammarata said TJX would continue to look to Canada for more opportunities but that it would be "a slow growth" in that country. "We expect a slow, steady growth in the Canadian market, consistent with the history of T.J. Maxx," he said.

TJX has 367 T.J. Maxx stores, 577 Hit or Miss off-price women's apparel stores and owns Chadwick's of Boston, an off-price apparel catalog.

Phar-Mor Takes Deep-Discount Concept to West

YOUNGSTOWN, Ohio — Phar-Mor, the nation's largest deep discount drug chain, is making a major expansion thrust westward.

Next month, it plans to start construction on its first California unit and anticipates opening it late next spring.

Phar-Mor will co-anchor with K mart the Santa Ana Promenade Mall in Santa Ana, in Southern California's Orange County.

The Santa Ana unit will run 64,938 square feet, on the upper end of Phar-Mor's prototype range of 55,000 square feet to 65,000 square feet.

Real estate sources say Phar-Mor is looking for a total of eight to 10 stores in the Southern California market. A company spokeswoman confirmed that Phar-Mor is negotiating for additional sites but declined to comment on the number.

In Las Vegas, Phar-Mor opened this May its first Ne-

(Continued on page 108)

Retailers Show Interest In Using Store as Media

By Mary Ellen Kelly

OSSINING, N.Y. — K mart, Meijer, Bradlees and Long's Drugs are among retailers exhibiting some level of involvement or interest in a "store as media" profit center.

In-store testing of these advertising systems will be in place this year and as many as four or five chains are likely to rollout the store as media program during 1991, according to speakers and attendees of the SPAR (Sales Promotion Analysis and Reporting)/Burgoyne promotion conference held here last month.

The conference, sponsored by marketing and information service companies, SPAR/Burgoyne, brought together speakers

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Robert Sayre

Patrick Kelly

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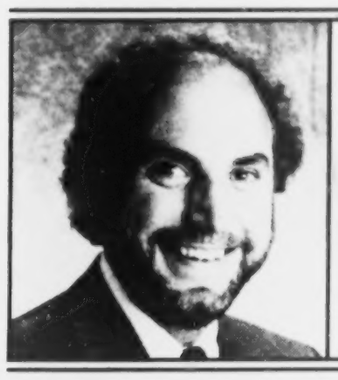
EDITORIAL

Discounting Will Survive Doomsayers

Predictions. Predictions. And more predictions. Since mid-1989, it seems like everyone wants to imitate John Naisbitt of Megatrends fame or futurist Dr. Marvin Cetron, who spoke at the recent IMRA convention.

Consultants and economists, particularly, want to show off their soothsaying skills by predicting the state of affairs in the 1990s, or better yet in the year 2000. There's a mystique about that year that makes everyone want to polish the crystal ball or dust off the old Ouija board. Some of these neo-futurists are entertaining, some are informative, but few are actionable.



TONY LISANTI
Editor

The latest prognostication, entitled *Retailing 2000*, comes from Management Horizons, a division of Price Waterhouse (see story, page 7). *Retailing 2000* is a slick, glossy report complete with a dash of hyperbole and a sprinkling of sensationalism. Consider these conclusions outlined in the report:

- Contraction in the retailing industry.
- Demise of the discount department store.
- Death of the mass market.
- Disappearance of middle management.

Sounds dismal, but fortunately, it's not quite as cut and dry as Management Horizon's portrays it.

First of all, for every retailer that closes its doors, another one or two or more debut. That's the life cycle in any industry. Consider the fact that five of the top 10 discounters in 1980 are no longer around, but neither were many of today's growth chains in the club, office supply, party goods, and hypermarket and other viable segments of discounting.

The discount department store will always be around—and will remain a dominant form of retailing. It will exist because it will continue to satisfy the demand for one-stop shopping as well as the demand for price, selection and value. This segment, which represents more than $97 billion in sales of the retail pie (see page 67), will not only grow but retailers will become more efficient, smarter and profitable.

Regardless of how fragmented the consumer becomes, there will always be a need to reach a broad base of the population. In theory, one-to-one marketing sounds great and it may be adopted by many chains, particularly the smaller ones, but it will not eliminate the mass market.

I could go on and on about the report, which is entertaining and thought-provoking. And I guess everyone has an opinion—that's the beauty of being a futurist. Que sera, sera!

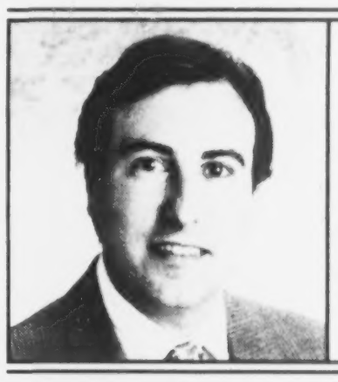
BUYERS & SELLERS

Forecasters Misinterpret Discounting's Stats

Statistics don't lie. Just the people who interpret them. It's amazing how different people can look at the same numbers and arrive at completely different conclusions.

For example, the New York Mets traded left-handed hitting center fielder Lenny Dykstra because his batting average was so much lower against left-handed pitching than against righthanders. They felt he would never be an everyday player for them. Now, roaming center field for the Philadelphia Phillies, and batting against both righties and lefties, Dykstra is leading the league in hitting and flirting with the lofty .400 plateau. The Mets never gave him the opportunity to prove he could hit lefties. The team made its decision based upon wrong, or insufficient, statistics.

The same holds true for people who look at the bankruptcies and closures of a dozen or so discount chains and declare the "Death of the Discount Store."



DON LONGO
Exec Editor

If their narrow definition of a discount store is a '70s type of retailer operating out of an outmoded box of a building selling cheap, imported apparel and cherry-picked selections of name brand hard goods, they're probably right. But, what if you take a broader view of discounting to mean any retailer that strives to serve the wide spectrum of American consumers (everybody but the very upscale) with value-priced merchandise (less than manufacturer's list) and incorporates low-cost selling concepts (efficient distribution and customer service)? Those are the precepts that will drive the successful discounters of the '90s.

So before you sound the death knell for discount stores, chew on these statistics:

- Full-line discounting sales (i.e., volume at multidepartment discounters like discount department stores, hypermarkets, dollar discount stores, and closeout chains) grew by 10.2 percent last year.
- Warehouse clubs, the most efficient version of discounting yet, posted a sales gain of 25.2 percent.
- Specialty mass retailers (category killers in toys, consumer electronics, office supply, and the auto aftermarket) were up 10.3 percent.

Combined, all channels of discounting (full-liners, catalog showrooms, warehouse clubs, off-price apparel chains and specialty chains) outpaced most other sectors of retailing with a 10.3 percent sales gain in 1989. While that sales pace should slow in 1990 (to a still respectable 7.9 percent), discounting has a bright future in the '90s for those who successfully execute its key concepts.

WASHINGTON REPORT

Congress Weighs Complex Labor Guidelines

Like other "people businesses," discount retailers often encounter problems maneuvering through the thicket of government rules and regulations concerning employment practices.

But if you think the sledding is tough now, just wait. This current Congress appears committed to carving out a whole new set of complex guidelines for the labor market. And in many respects the Bush administration is moving in that same direction.

KEN RANKIN

For example, the Americans with Disabilities Act—which has already passed Congress with the support of the president—will create broad new restrictions against job discrimination based on a worker's handicap or disability.

Other major labor-related bills under consideration on Capitol Hill would create entire new areas of liability for employers. The pending Civil Rights Act of 1990, for example, would reverse a number of recent U.S. Supreme Court rulings and, in the process, shift the burden of proof to employers by requiring them to demonstrate that their employment practices are not discriminatory.

Older workers, meanwhile, would be afforded extra protection in the workplace under separate legislation geared to overturn court decisions which allow employers to offer certain "fringe benefits" to younger workers but not their older counterparts.

These are just a few examples of the growing interest here in Washington in policing recruiting and employment practices.

If some congressional leaders have their way, the job market could soon become a minefield for labor-intensive industries like discounting.

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Cable Address: LEBHAFRIED
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Publisher JOHN FAILLA

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New York 425 Park Ave., New York, N.Y. 10022
212-371-9400. Fax 212-838-9487.
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Boston 1 Gateway Center, Newton, MA 02158
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Office Manager Pamela Spevack

Washington 117-35 Striley Drive, Ashton, MD 20861
301-774-3895
Manager, Correspondent Kenneth Rankin
Correspondent Deane Evans

Japan Diamond-Friedman Ltd. Chain Store Age News Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan 504-6750

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Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING

ANNUAL REPORT

The Most Comprehensive Report On All Segments Of Discount Retailing

Industry Sales Hit $151B in '89

During a year in which bankruptcies and business failures hogged the spotlight, discount retailing in the United States surged ahead of most other types of retailing. Powered by the tremendous growth of warehouse clubs, specialty mass retailers, and the Big Three discount department store chains, discount industry sales hit $151.5 billion in 1989, a 10.3 percent increase over 1988's sales.

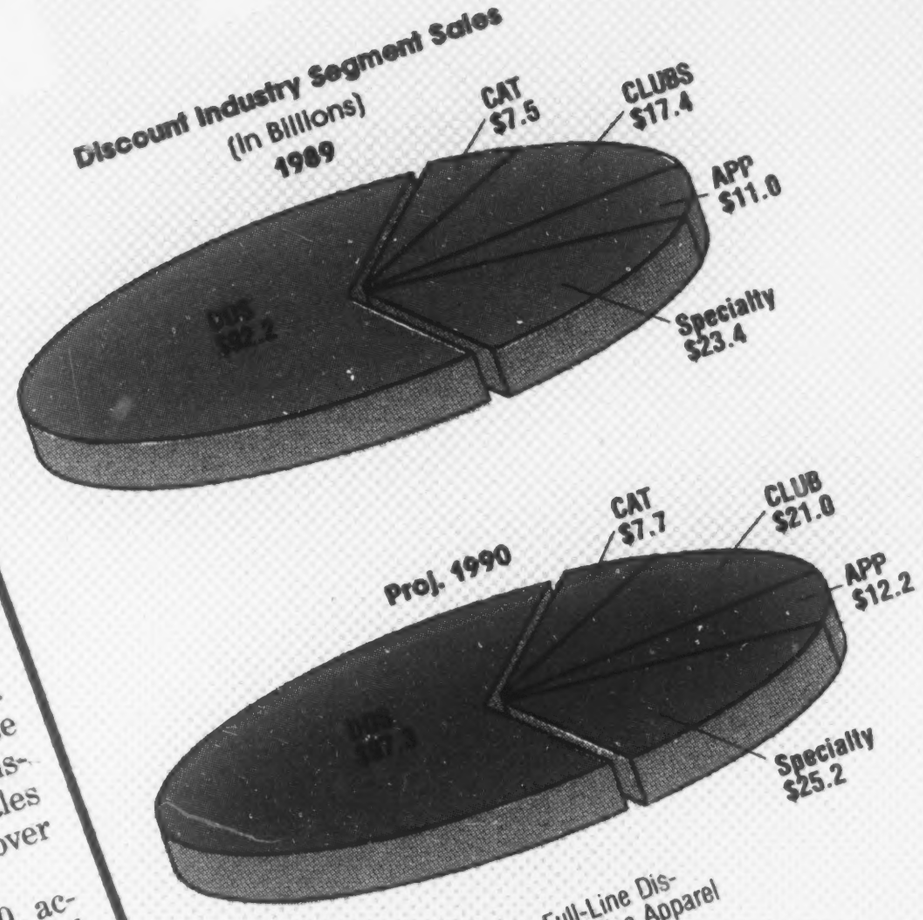
Discount retailing sales will climb to $163.4 billion in 1990, according to *DSN* projections based upon chain expansion plans and economists reports.

K mart retained its title as King of the Discounters. With $24.2 billion in sales from its U.S. K mart discount stores last year, K mart generated more sales than was rung up by the commonly referred to largest retailer—Sears—in its U.S. multi-department stores. In terms of sales through their main nameplates, K mart, not Sears, is the largest retailer in the nation.

However, the Troy, Mich.-based discounter may not get to rest on its laurels for long. Wal-Mart, with just under $21 billion in sales from its U.S. discount department store arm, is closing fast. The Bentonville, Ark.-based chain, which received *DSN*'s designation as Retailer of the Decade last year, grew at an almost unbelievable rate of 24.7 percent.

Target was no slouch, either. The Minneapolis-based division of Dayton Hudson achieved an 18.8 percent sales gain to $7.5 billion in 1989, and with about 30 more stores planned this year, should maintain its heady sales pace.

In depth reports on all segments of the discount retail industry follow in this special section, *DSN*'s "Annual State-of-the-Industry Report: Part I, Chain Analysis."



CAT: Catalog Showrooms **DDS:** Full-Line Discount Department Stores **APP:** Off-Price Apparel Chains **CLUB:** Membership Warehouse Clubs **Specialty Discounters:** Toy chains, CE chains, Sporting Goods chains, Automotive aftermarket chains, Office Supply megastores, and others.

Source: DSN research